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6 Attorneys for Plaintiff
Shoreline Capital Management, Ltd.

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION
11

12 SHORELINE CAPITAL MANAGEMENT,
LTD., a British Virgin Islands company
13 limited by shares,

14 Plaintiff,

15 vs

16 XIAOBING SUN, an individual, also
17 known as DANIEL SUN,

18 Defendant.
19 _____

No. JW CV 08 0121

DECLARATION OF YONGHUI WU
SUPPORTING *EX PARTE* APPLICATION
FOR TRO AND OSC RE PRELIMINARY
INJUNCTION, AND FOR ORDER
GRANTING LEAVE TO CONDUCT
EXPEDITED DISCOVERY

21 I, Yonghui Wu, say:

22
23 1. I am an employee of Guangzhou United (GU), the onshore
24 agent of Shoreline Capital Consulting (Shenzhen) Co., Ltd. (Shoreline Shenzhen), the
25 wholly-owned subsidiary of Shoreline Capital Management, Ltd. (Shoreline) that is
26 the Plaintiff in this action. GU's agency contract with Shoreline Shenzhen is for the
27 sole purpose of employing Shoreline personnel and it is 100% funded by
28 Shoreline. I have personal knowledge of the matters set forth in this Declaration and
would competently testify to them if called as a witness.

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DECLARATION OF YONGHUI WU SUPPORTING *EX PARTE* APPLICATION FOR TRO
AND OSC RE PRELIMINARY INJUNCTION, AND FOR ORDER GRANTING LEAVE TO
CONDUCT EXPEDITED DISCOVERY

1 2. On May 22, 2007, I was hired by Guangzhou United, a
2 Shoreline China related firm and have been employed until present. In the capacity of
3 senior asset manager, I manage for Shoreline a team of asset managers servicing a
4 debt portfolio with the Shoreline code name "#1233", totaling over 7 billion Chinese
5 yuan (RMB).

6 3. On May 30, 2007 Guangzhou United delivered to me the
7 Shoreline Employee Handbook which is also Guangzhou United Handbook. It
8 explicitly explained that use or disclosure of its financial analysis models, Excel work
9 sheets and other relevant documents outside of Shoreline is strictly prohibited.

10 4. From May 22, 2007 to the present, I have realized that the Excel financial
11 model used to evaluate the firm's distressed asset portfolios in China is the most important
12 asset/tool of Shoreline. It is my observation that Shoreline's partners and managers use every
13 possible means to protect the financial model and the intellectual property contained therein, and
14 require anyone that has used or looked at the model to sign a confidentiality agreement.

15
16 5. In July of 2007 while Xiaobing Sun was still employed with Shoreline,
17 Mr. Sun called me on the phone and he and I had the following conversation:

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19 Sun: "Is this Yonghui?"

20
21 Myself: "Yes, hello Xiaobing."

22
23 Sun: "Yonghui, It's my feeling that people in favorable circumstances don't take
24 risks, am I right?"

25
26 Myself: "What? I'm in the subway, I'm not sure I understand you."
27
28

1 Sun: "What I mean is, you're the person in charge of the #1233 portfolio, so you
2 wouldn't be willing to start a competing business, would you?"
3

4 Understanding him to have the intent that I join him to start a competing business,
5 I answered: "I don't think that being in charge of portfolio #1233 constitutes
6 favorable circumstances. But since I took on the responsibility of managing it,
7 I'm certainly going to stick to it."
8

9 Sun: "Oh, well then, we'll have to talk later. Goodbye."
10

11 Myself: "Goodbye."
12

13 I declare under penalty of perjury under the laws of the United States that the
14 foregoing is true and correct.
15

16 Executed this 14 day of January, 2008 at Guangzhou, China
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20 Yonghui Wu
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